

PUBLIC DISCLOSURE

April 21, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Israel Discount Bank of New York
19977**

**511 Fifth Avenue
New York, New York 10017**

Federal Deposit Insurance Corporation

**452 Fifth Avenue
New York, New York 10018**

NOTE: **This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Israel Discount Bank of New York**, prepared by **the Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **April 21, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

IDB has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The bank's performance was evaluated from the previous CRA assessment of August 26, 1996, using the Community Development Test for wholesale and limited purpose institutions. The Community Development Test assesses the bank's level of community development loans, qualified investments, and community development services. IDB's community development loans outstanding and community development investments totaled \$47.6 million and represented 1.1%, of total assets (\$4.4 billion) and 11.5% of equity capital (\$413.9 million) as of March 31, 1999. The bank's activities and performance under community development lending, investments, and services are summarized below:

Community Development Lending

During the period reviewed, IDB committed approximately \$78.7 million in community development loans, of which \$43.0 million was outstanding and represented 1.8% and 0.9%, respectively, of total assets as of March 31, 1999. This represented a high level of community development loans and an excellent responsiveness to credit needs in the assessment area. The recipients of these loans represented affordable housing, economic development, community service, and rehabilitation organizations all operating within the assessment area.

Qualified Investments

The bank's major community development investment activity included the purchase of FNMA, FHLMC, or GNMA mortgage-backed securities collateralized by residential mortgages drawn from low- and moderate-income borrowers. Since 1997, these purchases have totaled approximately \$4.3 million. Additional investments included deposits of \$125,000 in community development banks and donations of \$112,000. These activities totaled approximately \$4.5 million and represented 0.1% of total assets as of March 31, 1999.

Community Development Services

IDB has a very good record of providing community development services within the assessment area. The bank mainly lends its officers and employees to officially represent IDB at education seminars, trade shows, and to participate on various committees providing technical assistance in their respective areas of expertise. Of note is the bank's partnership with a city university to provide an internship program to low- and moderate-income individuals, which will provide the students the opportunity to explore various career options in the banking industry.

DESCRIPTION OF INSTITUTION:

Israel Discount Bank is a wholesale commercial bank chartered by the State of New York. IDB is a subsidiary of Israel Discount Bank Limited (IDBL), which was founded in 1935 and is presently one of the three largest banks in Israel, with assets exceeding \$23 billion. IDBL and its banking subsidiaries have a network of over 260 branches and offices around the world, with several thousand employees. In addition to IDB, IDBL maintains overseas branches in the Cayman Islands and Nassau (Bahamas); representative offices in London, Paris, Buenos Aires, Santiago, and Sao Paulo; and international banking agency offices in Los Angeles and Miami.

IDB offers a variety of domestic and international products and services. The bank's deposit products include: personal and commercial checking accounts, NOW accounts, money market savings and checking accounts, and U.S. dollar and foreign currency time deposits. Banking services include: safety deposit box rentals, the sale of traveler's checks and money orders; direct deposit of Social Security and other recurring payments, money transfers, the processing of documentary credits and collections, safekeeping and custody of securities, and international private banking services. The various types of financing include large business loans, asset-based lending, letters of credit, and import-export financing. The bank also offers several non-deposit investment products that are non-FDIC insured. IDB does not typically offer or extend retail credit products, such as residential mortgages and personal loans except as an accommodation to its private banking customers and its employees. Consequently, on December 9, 1996, the FDIC granted the bank a designation as a wholesale institution under CRA.

As of March 31, 1998, IDB had total assets of \$4.4 billion, consisting of securities of \$2.6 billion (59.9%), net loans and leases of \$1.2 billion (27.3%), cash and balances due from depository institutions of \$77.1 million (1.8%), interest bearing bank balances of \$248.7 million, (5.6%); federal funds sold of \$114.8 million (2.6%), and all other assets of \$125.4 million (2.8%).

The composition of the bank's loan portfolio illustrated in Table 1 indicates that the bank is primarily a commercial lender.

Table 1

Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Secured by Real Estate	212,181	17.5
Commercial & Industrial	656,310	54.1
Individual/Consumer	5,381	0.5
Other Domestic Loans	57,377	4.7
Loans in Foreign Offices	281,874	23.2
Gross Loans & Leases	1,213,123	100.0
<u>Less:</u> Unearned Income	1,071	
Allowance for Loan & Lease Losses	39,296	
Net Loans & Leases	1,172,756	

Source: Report of Condition (March 31, 1999).

Additionally, total deposits were \$3.8 billion, comprised of core deposits totaling \$864.6 million (22.7%), time deposits of \$100,000 or more totaling \$1.1 billion (29.0%), and foreign deposits totaling \$1.8 billion (47.4%).

The bank's capacity to lend is not restricted by legal impediments, regulatory actions, or liquidity constraints. A review of IDB's financial condition did not reveal any factors that would inhibit the bank from meeting the various credit needs of its community. In fact, IDB remains profitable and financially competitive, having reported as of year-end 1998, net income of \$37.5 million, equity capital of \$402.2 million, return on assets (ROA) of 1.3, and a tier 1 leverage capital ratio of 9.5%. The latter ratio, as defined in Part 325 of the FDIC Rules and Regulations, measures the level of an institution's core capital as a percentage of total assets. For all but the most highly rated financial institutions, the minimum leverage capital requirement for a bank is 4.0%. The most recent Report of Condition as of March 31, 1999, shows that IDB remains financially competitive, reporting net income of \$11.3 million, equity capital of \$413.9 million, an ROA of 1.1, and tier 1 leverage capital ratio of 9.5%.

IDB received a CRA rating of "Satisfactory" during the August 12, 1996, FDIC evaluation. The previous rating was assigned prior to the effective date of the revisions to Part 345 of the FDIC Rules and Regulation, which implements the CRA. Under the previous regulation, a bank's CRA performance was evaluated based on twelve assessment factors. These assessment factors have been replaced by three performance tests: Lending, Investments, and Services.

DESCRIPTION OF ASSESSMENT AREA:

Scope of Evaluation

The examination was conducted on-site using the wholesale CRA evaluation procedures and focused on the bank's record of lending in its assessment area. A review of the bank's participation in community development lending, qualified investments, and community development services included all activity from the prior evaluation as of August 26, 1996, to the present evaluation date of April 21, 1999.

CRA requires financial institutions to define an assessment area within which the bank will concentrate its CRA activity and lending efforts. The FDIC evaluates the institution's CRA performance based on the defined assessment area. IDB has designated the five boroughs of New York City as its assessment area: Bronx, Brooklyn, Manhattan, Queens, and Staten Island. These counties are all located within the New York Primary Metropolitan Statistical Area (PMSA) #5600, comprising 2,216 census tracts, of which 799, or approximately 36%, are considered low- and moderate-income geographies. The bank's assessment area is consistent with its size and resources, is comprised entirely of whole geographies, and does not arbitrarily exclude low- and moderate-income neighborhoods.

Demographic Information

An important consideration when analyzing an institution's CRA performance is the demographic composition of the assessment area. Since the bank typically extends credit to community development organizations that ultimately lend to individuals and small businesses, demographic information can provide insight into segments of the community to be targeted for specific community development initiatives. This information includes census tract composition, the distribution of the residents of the assessment area among the various census tract income categories, and the dispersion of households or families throughout the area and the reported income level of those households. Households and families differ in that the definition of a family requires that more than one person reside in the unit and they must be related to the householder by birth, marriage, or adoption. Consequently, many households, such as persons living alone or unmarried couples living together, are not considered families. Household income was used in this evaluation to determine the composition of the bank's assessment area. Tables 2 through 5 in this evaluation show, by county, the number of census tracts categorized by the income level of the census tract and the percentage of total tracts this represents. Also presented are the dispersion of the assessment area's population and households by the income level of the census tracts in which they are located, and the distribution of households among the four income categories.

Census tracts are defined by income characteristics as follows: a low-income tract is one in which the median family income is less than 50% of the median family income of the MSA in which it is located; a moderate-income tract is one in which the median family income is more than 50% but less than 80% of the median family income of the MSA; a middle-income tract is one in which the median family income is more than 80% but less than 120% of the median family income of the MSA; and an upper-income tract is one in which the median family income exceeds 120% of the median family income of the MSA. The categorization of census tracts is based upon median family income figures established by the 1990 United States Census. The median family income figure (MFI) for PMSA #5600 was \$37,515. This figure was used to determine the income level for the respective geographies. Based on estimates by the Department of Housing and Urban Development (HUD), the MFI figures are adjusted annually and were reported at \$45,800, \$47,300, and \$49,800, in calendar years 1996, 1997, and 1998, respectively.

Table 2

<u>ASSESSMENT AREA - GEOGRAPHIC COMPOSITION BY COUNTY</u>										
Income Level of Tract:	Low		Moderate		Middle		Upper		Total	
County:	#	%	#	%	#	%	#	%		%
Bronx	141	40	65	18	88	25	61	17	355	100
Kings	133	17	207	26	302	38	147	19	789	100
New York	74	25	65	22	33	11	126	42	298	100
Queens	24	4	80	12	331	49	238	35	673	100
Richmond	8	8	2	2	25	25	66	65	101	100
<u>TOTAL</u>	<u>380</u>	<u>17</u>	<u>419</u>	<u>19</u>	<u>779</u>	<u>35</u>	<u>638</u>	<u>29</u>	<u>2,216</u>	<u>100</u>

Table 3

<u>ASSESSMENT AREA – POPULATION BY COUNTY</u>										
Income Level of Tract:	Low		Moderate		Middle		Upper		Total	
County:	Number	%	Number	%	Number	%	Number	%	Number	%
Bronx	492,239	41	266,424	22	304,464	25	140,662	12	1,203,789	100
Kings	390,189	17	729,969	32	874,751	38	305,755	13	2,300,664	100
New York	307,879	21	358,652	24	125,262	8	695,743	47	1,487,536	100
Queens	41,566	2	267,154	14	1,003,863	51	639,015	33	1,951,598	100
Richmond	13,684	4	9,652	2	66,878	18	288,763	76	378,977	100
<u>TOTAL</u>	<u>1,245,557</u>	<u>17</u>	<u>1,631,851</u>	<u>22</u>	<u>2,375,218</u>	<u>33</u>	<u>2,069,938</u>	<u>28</u>	<u>7,322,564</u>	<u>100</u>

Table 4

<u>ASSESSMENT AREA – HOUSEHOLDS</u>										
Income of Tract:	Low		Moderate		Middle		Upper		Total	
County:	Number	%	Number	%	Number	%	Number	%	Number	%
Bronx	151,843	36	94,737	22	123,378	29	53,233	13	423,191	100
Kings	120,222	15	249,651	30	335,086	40	122,720	15	827,679	100
New York	103,763	15	143,396	20	64,950	9	404,702	56	716,811	100
Queens	11,925	2	93,347	13	372,387	52	240,718	33	718,377	100
Richmond	4,428	3	3,381	3	23,833	18	98,574	76	130,216	100
<u>TOTAL</u>	<u>392,181</u>	<u>14</u>	<u>584,512</u>	<u>21</u>	<u>919,634</u>	<u>32</u>	<u>919,947</u>	<u>33</u>	<u>2,816,274</u>	<u>100</u>

Table 5

<u>ASSESSMENT AREA - HOUSEHOLDS</u>										
Income Level of Household	Low		Moderate		Middle		Upper		Total	
County:	Number	%	Number	%	Number	%	Number	%	Number	%
Bronx	164,745	39	69,304	16	71,140	17	118,002	28	423,191	100
Kings	278,716	34	130,055	16	144,906	17	274,002	33	827,679	100
New York	195,733	27	92,877	13	116,122	16	312,079	44	716,811	100
Queens	156,559	22	102,408	14	139,146	19	320,264	45	718,377	100
Richmond	22,411	17	13,254	10	19,913	16	74,638	57	130,216	100
<u>TOTAL</u>	<u>818,164</u>	<u>29</u>	<u>407,898</u>	<u>15</u>	<u>491,227</u>	<u>17</u>	<u>1,098,985</u>	<u>39</u>	<u>2,816,274</u>	<u>100</u>

Economic Information

IDB's assessment area, particularly New York County (i.e., the borough of Manhattan), includes many varying financial institutions: community banks, regional banks, foreign banks, wholesale-designated banks, savings banks, thrift banks, mortgage banks, large money centers, and credit unions, many of which compete with IDB for CRA-related activities.

New York County is home to a diversified mix of industries. Many national and international corporations are headquartered in New York County. The downtown area is dominated by the financial industry and is home to the New York Stock Exchange. Industries operating in the midtown area include advertising and publishing. Aside from the service industries, retail is a major employment area due to several large department stores and many small businesses. Government, transportation, and public utilities also employ a significant portion of the labor force. The Bronx, Kings, Richmond, and Queens Counties are predominantly residential in nature with no single company or industry dominant in their economies. The service industry has surpassed manufacturing as the leading employer in these areas. Other major employment sectors include wholesale and retail trades, transportation, public utilities, manufacturing, and government.

A community contact was conducted in connection with the assessment of IDB. The contact included a representative from a local SBIC, who stated that current economic conditions are favorable for small businesses of which all need various levels of financing from local financial institutions. Furthermore, there are over 20 SBIC companies operating in the New York City area, giving small businesses sufficient opportunities to obtain financing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Israel Discount Bank has an excellent record of providing financial support to local community development programs. The bank's total amount of community development lending within its assessment area totaled \$78.7 million. Community development investments primarily consisted of a \$4.3 million purchase of FNMA, FHLMC, and GNMA issued mortgage-backed securities collateralized by residential mortgages to low- and moderate-income borrowers.

Community Development Lending

IDB has originated a high level of community development loans as evidenced by the 18 separate credit facilities totaling \$78.7 million since the last evaluation, of which \$43.0 million is outstanding. These totals represented 1.8% and 0.9% of the bank's total assets as of March 31, 1999. Of note is that the bank's community development undertakings were spread among community development organizations that provide affordable housing, economic development, community services, and neighborhood revitalization and stabilization.

Community development, as defined in Part 345.12(h) of FDIC's Rules and Regulations, includes: (1) affordable housing for low- and moderate-income individuals; (2) community services targeted to low- and moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's development or Small Business Investment Company (SBIC) programs or have gross annual revenues of \$1 million or less; (4) or activities that revitalize or stabilize low- and moderate-income geographies.

The following section discusses the lending activities that qualified under this definition of community development.

Performance Criteria

The institution's community development lending activities were evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities were available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

Wholesale and Limited Purpose Performance Evaluation

IDB's CRA activities are primarily carried out through its lending to Small Business Investment Corporations (SBICs) operating within the assessment area. Since the previous evaluation, the bank's community development lending of \$78.7 million represented 1.8% of total assets (\$4.4 billion) and 19.0% of equity capital (\$413.9 million) as of March 31, 1999. Additionally, community development loans outstanding totaled approximately \$43.0 million representing 0.9% of total assets and 10.4% of equity capital during the same period. The bank's community development commitments, however, give a clearer indication of the bank's lending. The vast majority of its commitments (i.e., 15 out of 18) are in the form of revolving lines of credit, which can be fully drawn down at any time; therefore, the entire commitment remains available from the time the loan is originated. In light of this, the unused revolving line of credit commitments of \$34.6 million, when included with the outstanding community development loans (\$43.0 million) total approximately \$77.7 million, representing 1.8% of assets and enhancing the bank's performance.

The cumulative dollar amount of the institution's community development lending represents an excellent responsiveness to the credit needs in the assessment area. In response to the numerous community development opportunities available to IDB, the following community development loans were made:

Type of CDL Activity	Number of Loans Originated	\$ Amount of Commitment	\$ Amount Outstanding (As of 4/22/99)
<u>Economic Development</u>			
- Specialized Small Business Investment Companies (SSBIC)	6	\$49,150,000	\$25,650,000
- Small Business Investment Companies (SBICs)	<u>6</u>	<u>12,000,000</u>	<u>3,879,000</u>
	12	\$61,150,000	\$29,529,000
Affordable Housing	3	\$3,500,000	\$500,000
<u>Revitalization/Stabilization-</u> Rehabilitation of properties in LMI areas for small business use or housing	3	\$14,000,000	\$13,000,000
Total CDL loans	18	\$78,650,00	\$43,029,000

Economic Development Loans

The majority of IDB's CRA lending activities are to Specialized Small Business Investment Corporations (SSBICs) and Small Business Investment Corporations (SBICs). Both types of corporations are licensed and regulated by the Small Business Administration. SSBICs provide funding solely for small businesses that are owned by socially or economically disadvantaged persons, while SBICs provide equity capital and long-term loans to small businesses. The bank has originated 12 revolving lines of credit to local SSBIC and SBIC companies totaling over \$61 million, and ranging in loans amounts between \$500,000 and \$16.0 million. The types of small businesses benefiting from the bank's lending to these licensed small business organizations include taxi cab operators, dry cleaners, parking garages, small retail establishments, light manufacturing, start-up technology companies, diners and restaurants, small contractors, and auto repair shops. The following credit facilities serve as a representative sample of the types of credit facilities the bank has participated in.

- In June 1998, the bank committed a \$1.7 million line of credit (of which none is outstanding) to a SSBIC, whose investments consists primarily of financing of taxicab medallions, taxicabs, and related assets located in the metropolitan New York area. These loans are secured by the medallions and are personally guaranteed by the borrowers, or in the case of corporations, personally guaranteed by the owners.
- In February 1999, the bank originated a \$500,000 line of credit, of which approximately \$95,000 is outstanding, to a local SBIC that provides long-term working capital, equipment, and real estate loans to a variety of businesses located in New York State. The SBIC lends either in participation with or as an adjunct to local financial institutions.

Affordable Housing Loans

The bank originated the following two revolving lines of credit totaling \$1 million to not-for-profit community development corporations that primarily provide affordable housing within the assessment area.

- In March 1999, the bank approved a \$500,000 line of credit to a not-for-profit corporate entity of New York City Housing Partnership entitled GRAND (Global Resources Affordable Neighborhood Development, Inc.) The bank's participation in GRAND's loan program represented a collaborated effort with other wholesale and foreign banks. The consortium, in total, will provide a \$50 million revolving credit facility, which will be used for constructing the partnership's New Home Program for affordable home ownership projects in low- and moderate-income neighborhoods in New York City.

- In August 1997, IDB, as one of 15 participating banks, approved a \$500,000 line of credit to assist in a \$7.5 million financing for the acquisition, improvement, construction, or rehabilitation of multi-family and mixed-use apartment buildings in low- and moderate-income neighborhoods in New York City. The agency receiving the funds is a city-wide, community revitalization organization working to increase investment in declining neighborhoods and to create, preserve, and promote affordable housing in New York City neighborhoods.
- In November 1998, the bank issued a \$2.5 million letter of credit to a private real estate development company for an equity position in a residential project where a portion of the project is allocated for low-income tenants. Tax-exempt bonds issued by the New York City Housing Development Corporation will fund the building. About \$500,000 was outstanding as of the date of his evaluation.

Revitalization / Stabilization Loans

IDB has provided financing for the rehabilitation of several large commercial properties located in low- and moderate-income areas. Retail space is primarily leased to small businesses operating and providing services and employment in these communities.

The following credit facility is an example of a loan that meets this community development purpose:

- In December 1998, the bank made a \$12 million commercial real estate, term loan for the purchase of a 68,000 square foot, two-story retail property located in a low- and moderate-income census tract in the Washington Heights section of Manhattan. The property has been boarded up since the Woolworth store chain went out of business. Once fully rented, it will be a major retail building catering and providing employment to the low- and moderate-income residents in the community. Ventures like these have highly contributed to the economic recovery currently underway in this area of New York City.

COMMUNITY DEVELOPMENT INVESTMENTS

IDB occasionally uses community development investments to achieve its CRA objectives. Total community development investments and grants of \$4.5 million represented 0.1% of total assets (\$4.4 billion) as of March 31, 1999.

Qualified investments are defined in Part 345.12(s) of the FDIC Rules and Regulations as any lawful investment, deposit, membership share, or grant that has community development as its primary purpose. Qualified investments may serve the assessment area or a broader statewide regional area that includes the assessment area. Qualified investments are evaluated based upon the dollar amount; the innovativeness or complexity; the responsiveness to credit and community development needs; and the degree to which the qualified investment is not routinely provided by private investors.

The following qualified investments were made by IDB during the evaluation period:

Investments

- **Mortgage-Backed Securities** – Since 1997, IDB has authorized a securities firm to identify and purchase, either FNMA, FHLMC, or GNMA issued mortgage-backed securities for CRA and community development purposes. The loans backing or collateralizing the investment pools were originally extended to low- and moderate-income individuals residing in the assessment area. The purchases totaled \$4.3 million and consisted of seven FNMA mortgage pools and five GMNA mortgage pools.

Deposits

- **Deposits at local Community Development Banks** – IDB has on deposit \$125,000 at three local community development banks. The deposits they receive are used to fund activities that include developing low-cost mortgage programs and housing for low- and moderate-income individuals, promote job creation through small businesses, and to support businesses that provide products and services for low- and moderate-income communities.

Grants

As stated in the Interagency Questions and Answers on Community Reinvestment, a charitable contribution, whether in cash or an in-kind contribution of property, is included in the term grant, provided it has as its primary purpose community development as defined by the regulation.

Since the previous evaluation, IDB has disbursed \$112,410 in grants to various non-profit organizations, which create and promote affordable housing, educational and vocational programs, and have been established to improve the low- and moderate-income neighborhoods and communities of New York City. The following is a representative sample of the bank's donations:

- **Neighborhood Housing Services (NHS)** - This organization is dedicated to addressing affordable housing redevelopment needs of low- and moderate-income individuals throughout New York City. IDB granted \$21,600 to NHS.
- **Computers for Youth Foundation, Inc.** - This organization distributes computers to needy students at schools and in their homes, which prepares students for future employment. Another aim of this program is to strengthen the relationship between the family, the school, and the community. The bank has equipped this program with 150 computers at an estimated cost of \$37,500.

Additionally, the following community development organizations also received donations from the bank: South Bronx Overall Economic Development Corporation (SOBRO), Youth Employment and Education Program, New York City Partnership Foundation, Common Ground Community HDfC, Inc., LEAP, Inc., and Lawyers Alliance for New York.

COMMUNITY DEVELOPMENT SERVICES

IDB has an adequate level of participation in community development services. Community development services are evaluated based upon the extent of services offered and used; their innovativeness, including whether they serve low- or moderate-income individuals in new ways or serve groups of customers not previously served; degree to which they serve low- or moderate-income areas or individuals; and their responsiveness to available opportunities for community development services.

A community development service is defined in Part 345.23(j) of the FDIC Rules and Regulations, as a service that: (1) has as its primary purpose community development; (2) is related to the provision of financial services; and (3) has not been considered in the evaluation of the bank's retail banking services under Section 345.24(d).

The following activities were carried-out by the bank during the assessment period:

- IDB entered into an agreement with New York City University to provide an internship program to financially needy students. This program gives low-income students an opportunity to earn money to finance their education, while they gain hands-on experience in the banking industry. During the 1997/1998 school year, a total of 43 students entered this program at a cumulative cost of \$158,330 paid by the bank in the form of salaries. An additional \$17,653 was paid under this program for the first quarter of 1999.
- IDB has been actively supporting the Bankers and Accountants Chapter of the American Organization for Rehabilitation through Training (ORT). ORT provides vocational and technical training for underprivileged and recent immigrants through courses held at the Bramson ORT Technical Institute. The bank has two senior officers that serve on the Chapter's Executive Committee.

RESPONSE TO COMPLAINTS

No complaints regarding fair lending or the bank's CRA performance have been received since the previous evaluation.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

The Compliance and Fair Lending review was conducted concurrently with the CRA evaluation. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. The institution's lending policies include fair lending policies and procedures. All of the bank's financial services are made available to the public without regard to an applicant's race, national origin, sex, marital status, age, religion, receipt of public assistance, handicap, or other personal characteristics.

APPENDIX A

SCOPE OF EXAMINATION

IDB was designated by the FDIC as a "Wholesale Bank" for evaluation purposes under the CRA on December 9, 1996. Therefore, the bank's CRA performance was evaluated using the Community Development Test, which considers the bank's participation in community development loans, qualified investments, and community development services. The time period reviewed was from August 26, 1996, through April 22, 1999.

The assessment area utilized by IDB consists of the five counties that comprise the five boroughs of New York City: Bronx, Kings, New York, Queens, and Richmond Counties. These counties are contained within Primary Metropolitan Statistical Area (PMSA) #5600 in New York.

The bank has an affiliate relationship with its bank holding company and parent, Israel Discount Bank, Tel Aviv. No additional products, services, or investments of the holding company were offered for CRA consideration in conjunction with this evaluation.